



# CAD may fall to 2.2%, thanks to oil slide

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**CAD may fall to 2.2%, thanks to oil slide-Current account deficit was expected to be 2.8% for FY19 when global crude was above \$80 a barrel**

- The ongoing fall in the price of crude oil has made the government rethink its projections for the current account deficit (CAD) for the year.
- Where it was earlier expecting a CAD of 2.8% of GDP, it has now revised its estimate down to 2.2%, adding that if oil prices maintain this trajectory, CAD could fall below 2% next year.

## **Easing pressure**

- Analysts and experts have been expressing worry over the effect of rising oil prices on CAD, which is the difference between the inflow and outflow of foreign currency.
- Being a major oil importer, rising oil prices meant more foreign exchange leaving the country.
- But some of this pressure has eased with oil prices falling over the last two months and the rupee strengthening against the dollar.
- The CAD was 1.9% of GDP in the financial year 2017-18 and 0.6% in the year before that.
- It stood at 2.4% in the first quarter of this financial year.

The Hindu

